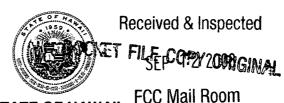
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STATE OF HAWAII

PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE

465 S. KING STREET, #103 HONOLULU, HAWAII 96813 e-mail: Hawaii.PUC@hawaii.gov

September 9, 2008

Marlene H. Dortch Office of the Secretary Federal Communications Commission 445 - 12<sup>th</sup> Street, S.W., Room TW-A306 Washington, D.C. 20554

Karen Majcher Vice President, High Cost & Low Income Division Universal Service Administrative Company 2000 L Street, N.W., Suite 200 Washington, D.C. 20036

Re: Certification of Rate Comparability for Non-Rural Carriers Serving in Rural Areas Pursuant to 47 Code of Federal Regulations § 54.316, CC Docket No. 96-

Dear Ms. Dortch and Ms. Majcher:

Pursuant to 47 Code of Federal Regulations ("CFR") § 54.316(a), each state is required to certify that residential telephone rates in rural areas of the state that are served by non-rural incumbent local exchange carriers are reasonably comparable to urban rates nationwide, for purposes of section 254(b)(3) of the Telecommunications Act of 1996.

For purposes of this certification, the safe harbor provision of 47 CFR § 54.316(b) allows a state to presume that the residential rates in rural areas served by non-rural incumbent local exchange carriers are reasonably comparable to urban rates nationwide if the rural rates are below the nationwide urban rate benchmark. For the upcoming certification period, the nationwide urban rate benchmark is \$36.52.¹ Currently, the residential rates in all areas (urban and rural) of the State of Hawaii ("State") that are served by Hawaiian Telcom, Inc. (fka Verizon Hawaii Inc.), the State's only incumbent local exchange carrier, are below the nationwide benchmark, as shown on the enclosed Exhibit A. For comparison purposes, these residential rates, which are set by island, include access charges and other mandatory monthly rates as published in the *Reference Book*, in compliance with 47 CFR § 54.316(b).

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<sup>&</sup>lt;sup>1</sup>Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service, Industry Analysis & Technology Division, Wireline Competition Bureau, Federal Communications Commission, August 8, 2008 ("Reference Book").

Marlene H. Dortch Karen Majcher September 9, 2008 Page 2

Accordingly, in reliance on the safe harbor provision of 47 CFR § 54.316(b), the Hawaii Public Utilities Commission hereby certifies that the residential telephone rates in rural areas of the State that are served by Hawaiian Telcom, Inc. are reasonably comparable to urban rates nationwide, for purposes of section 254(b)(3) of the Telecommunications Act of 1996.

If this letter does not fully satisfy the requirements for rate comparability certification, we hereby request an extension of the October 1, 2008 deadline to correct any deficiencies.

Please contact Brooke K. Kane, Administrative Director, at (808) 586-2020 to address any questions concerning this matter.

Sincerely,

Carlito P. Caliboso

Chairman
CPC:DB:ac

Enclosure

c: Division of Consumer Advocacy

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## State of Hawaii Public Utilities Commission Certification of Rate Comparability For Non-Rural Carriers Serving in Rural Areas July 1, 2008

## **Residential Telephone Rates**

	Oahu		Hawaii		Maui		Kauai		Molokai		Lanai	
Local Exchange Rate	\$	14.40	\$	13.10	\$	12.50	\$	12.50	\$	10.85	\$	9.90
Touch Call		1.65		1.65		1.65		1.65		1.65		1.65
Intrastate Surcharge (11.23%) PUC Service Fee (.25%)		1.80 0.04		1.66 0.04		1.59 0.04		1.59 0.04		1.40 0.03		1.30 0.03
1 00 001 vide 1 66 (.2078)		0.04		0.04		0.04		0.04		0.03		0.03
Subtotal	\$	17.89	\$	16.44	\$	15.77	\$	15.77	\$	13.94	\$	12.88
Federal Subscriber Line Charge	\$	6.50	\$	6.50	\$	6.50	\$	6.50	\$	6.50	\$	6.50
Telecommunications Relay Service Surcharge		0.04		0.04		0.04		0.04		0.04		0.04
E911 Surcharge		0.27		0.27		0.27		0.27		0.27		0.27
Federal Universal Service Fund Charge		0.75		0.75		0.75		0.75		0.75		0.75
Subtotal	\$	25.45	\$	24.00	\$	23.33	\$	23.33	\$	21.50	\$	20.44
General Excise Tax (4.712% for Oahu; 4.166% for others)	\$	0.31	\$	0.27	\$	0.27	\$	0.27	\$	0.27	\$	0.27
Federal Excise Tax (3%)	\$	0.76	\$	0.72	\$_	0.70	\$	0.70	\$	0.64	\$	0.61
Total <sup>1</sup>	\$	26.52	\$	24.99	\$	24.31	\$	24.31	\$	22.41	\$	21.32
Nationwide Urban Rate Benchmark <sup>2</sup>		\$36.52		\$36.52		\$36.52		\$36.52		\$36.52		\$36.52
Difference	\$	(10.00)	\$	(11.53)	\$	(12.21)	\$	(12.21)	\$	(14.11)	\$	(15.20)

<sup>1.</sup> Source: Hawaiian Telcom, Inc. Rates are as of July 1, 2008.

<sup>2.</sup> Source: FCC Reference Book of Rates, Price Indices, and Expenditures of Telephone Service, 2008